

SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION

ANNUAL BUDGET OF

MBHASHE LOCAL MUNICIPALITY



MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS 2015/16 TO 2017/18 (MTREF)

Part 1 – Annual Budget

1.1 Mayor's Report

In his State of the Nation Address President Jacob Zuma said, "Our country still faces the triple challenge of poverty, inequality and unemployment, which we continue to grapple with. Dealing with these challenges has become a central focus of all democratic administrations. We elected to focus on five priorities, education, health, the fight against crime and corruption, rural development and land reform as well as creating decent work".

In this IDP and Budget I want to emphasise that, we cannot expect to do the same old things and expect different results. We need to improve the way we do things for the betterment of our communities.

In the past couple of years the world economy has gone through its deepest recession. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived. Mbhashe Local Municipality is no way immune to the harsh economic realities associated with the recession.

Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of doing business smarter, thus leading to low revenue base.

In his last budget speech for the current administration Finance Minister Pravin Gordhan said "the current budget sets out the resource plan for an intensified implementation of our National Development Plan". This means all South Africans will gain from the economic transformation and will all share in our Constitutional democracy.

Central to the NDP, is the commitment to reduce poverty and unemployment. Mbhashe is one of the areas with high unemployment and illiteracy rate. There is also a high infrastructure backlog. This means out of our total budget of more than R360m for 2015/16, R370m and R380m for 2016/15 and 2017/18 respectively we must create an environment for job opportunities and partner with businesses.

Premier of the Eastern Cape said in her State of the Province address, "Our success moving into the new term of government will be determined by the active participation and involvement of citizens of this Province in the programs of government. We cannot be spectators in the struggle for our own economic emancipation".

As it was evident in our community meetings, people want service delivery and we have been entrusted with such a task. More than R120m has been allocated for capital investment in 2015/16, R123m in 2016/17 and R130m in 2017/18.

It is our duty as Councilors to correctly inform the public and not to mislead them as a way of electioneering. We need to ask ourselves a question that in the 20 years of democracy, have we done enough to service our communities.

Portfolio heads in this cluster which is service delivery are full time and should make sure that there will be no roll overs. It is no secret that in the last two years we have not done well in service delivery which is our core function. That has to change.

As way of creating sustainable jobs the municipality is in the process of filling all vacancies that exist in our organogram in the next three years. Hence we have a budget R79m for salaries of employees and R21m for the remuneration of Councilors in 2015/16, R84m and R21m for 2016/17 and R90m and 22m for 2017/18. Portfolio head for HR and Administration should lead in making sure that working conditions are improved. We have budgeted more than R3,7m under good governance in order to improve oversight and accountability. We have oversight committees that are doing well like Audit Committee, Performance Audit Committee and Municipal Public Accounts Committee. These committees should always be objectionable and provide advices to Council and not do witch hunting.

One of our strength in Mbhashe is on agriculture and farming, hence we intend to review our LED strategy in order to be able to coordinate all the resources in reducing poverty and unemployment.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within Mbhashe Municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

As we know, local government elections are coming up in 2016 therefore, I call upon all citizens in our Province to go all out to discharge their civic duty and exercise their hard won democratic right in voting for progress so that, together, we can move South Africa forward.

I thank you

1.2 Council Resolutions

On the 30th of March 2015 the draft annual budget for the financial year 2015/16 was tabled to Council of Mbhashe Local Municipality for reviewing.

1. The Council of Mbhashe Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) noted the draft budget together with the following supporting tables:

- 1.1. The annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1. Budgeted Financial Position
- 1.2.2. Budgeted Cash Flows
- 1.2.3. Cash backed reserves and accumulated surplus reconciliation
- 1.2.4. Asset management
- 1.2.5. Basic service delivery measurement

2. The Council of Mbhashe Local Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000) notes the draft tariffs for 2015/16:

- 2.1 the tariffs for property rates – as set out in Annexure A;
- 2.2 the tariffs for refuse removal – as set out in Annexure B;
- 2.3 the tariffs for all other services – as set out in Annexure C.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Mbhashe municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items as was previously outlined in circular 70. The municipality has embarked on the implementation of data cleansing recommendations which included amongst other things management of municipal leases, writing off of long outstanding and untraceable balances and implement credit control and debt collection policy. The municipality has reviewed its revenue enhancement strategy with the aim of giving rise to additional sources of revenue and to grow its own revenue base. In addition to the above, the municipality has appointed a debt collector and handed over all long outstanding debts to the debt collector for collection. The municipality has updated its general valuation roll thus basing its assessment rates and refuse budget on the current valuation roll.

National Treasury's MFMA Circular No. 54, 55, 58, 59, 64, 66, 67, 70, 72, 74 and 75 were used to guide the compilation of the 2015/16 to 2017/18 MTRF.

The main challenges experienced during the compilation of the 2014/15 MTRF can be summarised as follows:

- The ongoing difficulties in the economy;

- Aging and poorly maintained infrastructure;
- High rate of vacancies within the municipality and the need to fill the vacancies in order to be able to implement IDP and Budget;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Increase in debtors book as a result of non-payment by rate payers;
- Low levels of spending in terms of infrastructure related grants; and
- Lack of resources to fund infrastructure backlog.

The following budget principles and guidelines directly informed the compilation of the 2015/16 draft budget:-

- The municipal budget must be linked to the IDP in order to achieve the municipal priorities committed to in the IDP;
- The allocation of the municipal budget is made to specific service delivery programmes and this will ensure accountability and avoid discretionary budget allocations;
- The municipal budget is funded from anticipated revenues to ensure that estimated expenditure does not exceed the anticipated revenue;
- As per M/FMA circular 75, the budget must allocate resources to core social and economic priorities whilst containing expenditure growth (Cost containment measures to be in place);
- The socio economic factors of our communities and affordability have been considered in setting tariffs for rates and services;
- The tariff increase has been based on the CPI inflationary rate of 4.8 except for new tariffs that were not previously considered by the municipality (e.g. application for demolition of building structures)
- Allocations have been made for contingency plans for anticipated power outages;
- As per M/FMA circular 75, provisions have been made for Eskom and Water Services Authorities to ensure continuous payments of accounts;
- The implementation of SCOA has also been taken into consideration to ensure that the municipality adopts the relevant budget planning and reporting framework.

Table 1 Consolidated Overview of the 2015/16 MTRF

| Description | Budget Year 2014/15 | Budget Year 2015/16 | Budget Year 2016/17 | Budget Year 2017/18 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Total Operating Revenue | 247 989 467 | 367 747 894 | 376 297 391 | 380 959 045 |
| Total Operating Expenditure | 214 592 705 | 235 982 013 | 248 980 640 | 264 130 065 |
| Total Capital Expenditure | 67 874 120 | 120 972 411 | 123 496 049 | 131 772 663 |

The total revenue is made up of grants and subsidies which is approximately 90% and own revenue which is made up of income derived from our tariffs. Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of Mbhashe Municipality. There has been a huge increase of approximately 48% in operating revenue, mainly driven by the increase in the equitable share allocation and other infrastructure related grants.

The operating expenditure increased by a steady 9% which a considerable chunk of it is contributed by personnel costs due to high vacancy rate. Personnel expenditure has the biggest slice which is 31% of our budget. The municipality has lot of vacancy that results to lack of service delivery. The auditors have also raised the issue of employment as a major concern for the municipality's going concern.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

Capital expenditure increased by a margin of approximately 79% when compared to the 2014/15 financial period. This is mainly driven by the huge investment in capital acquisition and infrastructure grant. The municipality has since taken a decision to invest in plant machinery of its own, capital acquisition.

The municipality's expenditure framework for the 2015/16 budget and MTRRF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit which is not the case in Mbhashe;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the infrastructure backlog;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no plan no funding allocation can be made.
- The current agreement with the unions in terms of collective bargaining has used to inform the municipality's remuneration of employees.
- Depreciation is widely considered a proxy for the measurement of the rate of asset consumption (implementation of GRAP 17).

Below is the summary of the MTRRF and prior year audited outcomes and other supporting budget tables.

| Description | R thousands | Financial Performance | | | | | | | | | |
|-------------|---|-----------------------|----------|----------|----------|-----------|-----------|----------------------|-----------|---|-------------|
| | | 2011/12 | | 2012/13 | | 2013/14 | | Current Year 2014/15 | | 2015/16 Medium Term Revenue & Expenditure Framework | |
| | | Audited | Audited | Audited | Outcome | Budget | Adjusted | Full Year | Pre-audit | Budget Year | Budget Year |
| | Property rates | 6 973 | 4 710 | 4 365 | 5 844 | 5 844 | 5 844 | 5 844 | - | 5 957 | 6 308 |
| | Service charges | 802 | 916 | 765 | 771 | 771 | 771 | 771 | - | 808 | 816 |
| | Investment revenue | 2 087 | 3 626 | 6 022 | 4 000 | 4 500 | 4 000 | 4 000 | - | 6 000 | 6 324 |
| | Transfers recognised - operational | 108 765 | 137 664 | 161 824 | 169 325 | 171 095 | 14 835 | 171 095 | - | 267 875 | 268 345 |
| | Other own revenue | 2 578 | 2 429 | 2 982 | 14 184 | 14 835 | 14 835 | 14 835 | - | 13 986 | 14 293 |
| | Total Revenue (excluding capital transfers and contributions) | 121 203 | 149 346 | 175 939 | 194 124 | 197 045 | 197 045 | 197 045 | - | 294 626 | 296 087 |
| | Employee costs | 38 264 | 37 033 | 37 401 | 70 485 | 69 244 | 69 244 | 69 244 | - | 75 419 | 80 698 |
| | Remuneration of councillors | 15 745 | 17 907 | 15 060 | 20 133 | 20 133 | 20 133 | 20 133 | - | 21 542 | 21 421 |
| | Depreciation & asset impairment | 24 338 | 30 327 | 33 618 | 33 467 | 33 467 | 33 467 | 33 467 | - | 38 200 | 40 377 |
| | Finance charges | 71 | - | 25 | - | - | - | - | - | - | 28 168 |
| | Materials and bulk purchases | - | - | - | - | - | - | - | - | 26 840 | 28 168 |
| | Transfers and grants | 60 236 | 55 497 | 52 960 | 90 508 | 104 017 | 104 017 | 104 017 | - | 98 525 | 107 655 |
| | Other expenditure | 138 654 | 141 363 | 139 065 | 214 593 | 226 861 | 226 861 | 226 861 | - | 260 735 | 278 319 |
| | Total expenditure | (17 451) | 7 983 | 36 874 | (20 459) | (29 816) | (29 816) | (29 816) | - | 33 891 | 17 768 |
| | Surplus/(Deficit) | 53 489 | 28 222 | 21 545 | 53 866 | 93 280 | 93 280 | 93 280 | - | 73 122 | 80 211 |
| | Transfers recognised - capital & contributed a | 36 038 | 36 206 | 58 419 | 33 397 | 63 465 | 63 465 | 63 465 | - | 107 013 | 97 979 |
| | Surplus/(Deficit) after capital transfers & contributions | - | - | - | - | - | - | - | - | - | - |
| | Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| | Surplus/(Deficit) for the year | 36 038 | 36 206 | 58 419 | 33 397 | 63 465 | 63 465 | 63 465 | - | 107 013 | 97 979 |
| | Capital expenditure & funds sources | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 99 543 | 99 543 | - | 122 578 | 122 578 |
| | Capital expenditure - capital | 49 526 | 28 222 | 26 996 | 53 866 | 72 949 | 72 949 | 72 949 | - | 122 578 | 122 578 |
| | Transfers recognised & donations | - | - | - | - | - | - | - | - | - | - |
| | Borrowing | - | - | - | - | - | - | - | - | - | - |
| | Internally generated funds | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 99 543 | 99 543 | - | 122 578 | 122 578 |
| | Total sources of capital funds | 37 817 | 69 657 | 116 854 | 67 874 | 99 543 | 99 543 | 99 543 | - | 166 252 | 166 252 |
| | Total current assets | 209 435 | 285 435 | 53 980 | 67 874 | 99 543 | 99 543 | 99 543 | - | 55 443 | 55 443 |
| | Total non current liabilities | 20 480 | 18 211 | 2 433 | - | - | - | - | - | - | - |
| | Total non current liabilities | 226 762 | 332 971 | 168 400 | 33 397 | 63 295 | 63 295 | 63 295 | - | - | - |
| | Community wealth/equity | 64 977 | 79 594 | 73 812 | 66 764 | (63 596) | (63 596) | (63 596) | - | 174 669 | 168 726 |
| | Net cash from (used) operating | (49 325) | (38 363) | (39 252) | (67 774) | (99 443) | (99 443) | (99 443) | - | (120 972) | (127 747) |
| | Net cash from (used) investing | - | - | 8 | - | - | - | - | - | - | - |
| | Net cash from (used) financing | 27 155 | 68 352 | 34 569 | (1 010) | (163 038) | (163 038) | (163 038) | - | 53 697 | 94 676 |
| | Cash/banking/surplus reconciliation | 27 155 | 68 352 | 34 569 | (1 010) | (163 038) | (163 038) | (163 038) | - | 53 697 | 94 676 |
| | Cash and investments available | 11 373 | 112 285 | (912) | - | - | - | - | - | - | - |
| | Application of cash and investments | 15 885 | 11 270 | 51 212 | 112 285 | - | - | - | - | - | - |
| | Balance - surplus (shortfall) | 27 155 | 68 352 | 111 373 | 34 569 | - | - | - | - | - | - |
| | Asset management | 151 647 | 148 871 | 115 428 | 33 467 | 1 100 | 1 100 | 1 100 | - | 38 200 | 40 377 |
| | Asset register/summary (MDV) | 24 338 | 30 327 | 33 618 | 11 232 | - | - | - | - | - | - |
| | Depreciation & asset impairment | - | - | - | - | - | - | - | - | - | - |
| | Renewal of Existing Assets | - | - | - | - | - | - | - | - | - | - |
| | Repairs and Maintenance | - | - | - | - | - | - | - | - | - | - |
| | Cost of Free Basic Services provided | - | - | - | - | - | - | - | - | - | - |
| | Revenue cost of free services provided | - | - | - | - | - | - | - | - | - | - |
| | Households below minimum service level | - | - | - | - | - | - | - | - | - | - |
| | Water: | - | - | - | - | - | - | - | - | - | - |
| | Sewerage: | - | - | - | - | - | - | - | - | - | - |
| | Energy: | - | - | - | - | - | - | - | - | - | - |
| | Refuse: | - | - | - | - | - | - | - | - | - | - |

EC121 Mbhashhe - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 1 | R thousand | | | | | | | | | |
|-------------------------------------|-----|---------|------------|---------|----------------------|---------|---------|---|---------|---------|---------|--|
| | | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | | |
| Revenue - Standard | | | 117 314 | 131 947 | 149 664 | 185 702 | 187 102 | 187 102 | 245 990 | 248 203 | 244 290 | |
| Executive and council | | | - | - | (30) | 10 543 | 10 543 | 10 543 | 11 047 | 11 552 | 12 065 | |
| Budget and treasury office | | | 117 314 | 131 314 | 149 694 | 174 297 | 175 397 | 175 397 | 234 333 | 236 005 | 231 544 | |
| Corporate services | | | 633 | 2 280 | 862 | 1 162 | 1 162 | 1 160 | 645 | 681 | 768 | |
| Community and public safety | | | 2 750 | 1 748 | 3 252 | 7 245 | 7 245 | 7 245 | 1 211 | 1 277 | 509 | |
| Sport and recreation | | | - | 350 | - | - | - | - | - | - | - | |
| Public safety | | | 1 503 | 1 626 | 1 794 | 4 927 | 1 853 | 4 927 | 687 | 727 | - | |
| Housing | | | - | - | - | - | - | - | - | - | - | |
| Health | | | - | - | - | - | - | - | - | - | - | |
| Economic and environmental services | | | 53 799 | 42 921 | 44 344 | 58 182 | 94 578 | 94 578 | 120 531 | 125 977 | 134 434 | |
| Planning and development | | | 310 | 136 | 555 | 652 | 4 986 | 4 986 | 1 393 | 572 | 604 | |
| Road transport | | | 53 489 | 42 786 | 43 789 | 57 180 | 88 904 | 88 904 | 119 138 | 125 404 | 133 829 | |
| Environmental protection | | | - | - | 350 | 688 | 688 | 688 | - | - | - | |
| Trading services | | | 829 | 952 | 817 | 853 | 3 253 | 3 253 | 894 | 908 | 959 | |
| Electricity | | | - | - | - | - | - | - | - | - | - | |
| Water | | | - | - | - | - | - | - | - | - | - | |
| Waste water management | | | 26 | 36 | 52 | 83 | 83 | 83 | 87 | 92 | 97 | |
| Other | 4 | | - | - | - | - | - | - | - | - | - | |
| Total Revenue - Standard | | | 174 692 | 177 568 | 197 105 | 247 989 | 292 179 | 292 179 | 368 575 | 376 297 | 380 959 | |
| Expenditure - Standard | | | 97 465 | 96 152 | 93 335 | 97 768 | 97 618 | 97 618 | 85 602 | 90 652 | 95 729 | |
| Executive and council | | | 28 157 | 57 218 | 54 025 | 43 775 | 43 675 | 43 675 | 30 953 | 32 779 | 34 615 | |
| Budget and treasury office | | | 55 629 | 25 457 | 25 925 | 34 685 | 34 635 | 34 635 | 34 101 | 36 113 | 38 136 | |
| Corporate services | | | 13 679 | 13 476 | 13 385 | 19 308 | 19 308 | 19 308 | 20 547 | 21 760 | 22 978 | |
| Community and public safety | | | 18 027 | 19 275 | 12 159 | 31 146 | 32 099 | 32 099 | 44 951 | 53 672 | 56 678 | |
| Community and social services | | | 1 428 | 1 233 | 1 008 | 8 514 | 7 014 | 7 014 | 35 003 | 37 068 | 39 143 | |
| Sport and recreation | | | 1 190 | - | 134 | - | - | - | - | - | - | |
| Public safety | | | 10 524 | 11 786 | 8 683 | 15 080 | 15 830 | 15 830 | 2 471 | 8 686 | 9 172 | |
| Housing | | | 4 885 | 6 256 | 2 334 | 7 552 | 9 255 | 9 255 | 7 478 | 7 919 | 8 362 | |
| Health | | | - | - | - | - | - | - | - | - | - | |
| Economic and environmental services | | | 16 948 | 17 956 | 24 271 | 69 710 | 82 415 | 82 415 | 94 156 | 93 642 | 98 885 | |
| Planning and development | | | 8 628 | 7 900 | 7 070 | 11 907 | 15 430 | 15 430 | 16 045 | 16 992 | 17 944 | |
| Road transport | | | 8 320 | 8 806 | 17 201 | 56 225 | 65 069 | 65 069 | 76 888 | 75 355 | 79 575 | |
| Environmental protection | | | - | 1 250 | - | 1 578 | 1 916 | 1 916 | 1 223 | 1 295 | 1 367 | |
| Trading services | | | 6 214 | 7 979 | 878 | 15 969 | 14 728 | 14 728 | 7 581 | 8 028 | 8 477 | |
| Electricity | | | - | - | - | - | - | - | - | - | - | |
| Water | | | 564 | 466 | 439 | 1 469 | 1 469 | 1 469 | 1 144 | 1 212 | 1 280 | |
| Waste water management | | | 5 650 | 7 513 | 439 | 14 500 | 13 259 | 13 259 | 6 436 | 6 816 | 7 198 | |
| Other | 4 | | - | - | - | - | - | - | - | - | - | |
| Total Expenditure - Standard | | 3 | 138 654 | 141 363 | 130 644 | 214 593 | 226 861 | 226 861 | 232 289 | 245 994 | 259 770 | |
| Surplus/(Deficit) for the year | | | 36 038 | 36 206 | 66 461 | 33 397 | 65 318 | 65 318 | 136 286 | 130 303 | 121 189 | |

EC121 Mhhashe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | Current Year 2014/15 | | | | | | | | | | 2015/16 Medium Term Revenue & Expenditure Framework | |
|--|-----|----------------------|-----------------|-----------------|-----------------|-----------------|--------------------|---------------------|------------------------|------------------------|--|---|--|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | R thousand | | |
| Revenue by Vote | 1 | - | 131 314 | 149 694 (30) | 10 543 | 176 559 | 10 543 | 10 543 | 11 047 | 12 065 | Revenue by Vote | | |
| Vote 1 - Executive and Council | | - | | | | | | | | | | | |
| Vote 2 - Finance and Administration | | 117 314 | 131 314 | 149 694 | 175 159 | 176 559 | 176 559 | 234 943 | 236 651 | 232 225 | | | |
| Vote 3 - Planning and Development | | 310 | 136 | 555 | 652 | 4 986 | 4 986 | 1 393 | 572 | 604 | | | |
| Vote 4 - Community and Social Services | | 1 248 | 122 | 485 | 465 | 465 | 465 | 473 | 483 | 509 | | | |
| Vote 5 - Housing | | - | - | - | - | 1 853 | 1 853 | - | - | - | | | |
| Vote 6 - Public Safety | | 1 503 | 1 626 | 1 794 | 2 787 | 3 073 | 3 073 | 687 | 727 | 768 | | | |
| Vote 7 - Environmental Management | | - | - | - | 350 | - | - | - | - | - | | | |
| Vote 8 - Solid Management | | 802 | 916 | 765 | 771 | 3 171 | 3 171 | 808 | 816 | 862 | | | |
| Vote 9 - Waste Water Management | | 26 | 36 | 52 | 83 | 83 | 83 | 87 | 92 | 97 | | | |
| Vote 10 - Road Transport | | 53 489 | 42 786 | 43 789 | 57 180 | 88 904 | 88 904 | 119 138 | 125 404 | 133 829 | | | |
| Vote 11 - Electricity | | - | - | - | - | - | - | - | - | - | | | |
| Vote 12 - Other | | - | - | - | - | - | - | - | - | - | | | |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | | | |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | | | |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | | | |
| Total Revenue by Vote | 2 | 174 692 | 176 935 | 197 105 | 247 989 | 289 637 | 290 325 | 368 575 | 376 297 | 380 959 | Total Revenue by Vote | | |
| Expenditure by Vote to be appropriated | 1 | 28 157 | 57 218 | 54 025 | 43 775 | 43 675 | 43 675 | 30 953 | 32 779 | 34 615 | Expenditure by Vote to be appropriated | | |
| Vote 1 - Executive and Council | | 69 140 | 38 933 | 39 311 | 53 992 | 53 942 | 53 942 | 54 649 | 57 873 | 61 114 | | | |
| Vote 2 - Finance and Administration | | 8 628 | 7 900 | 7 070 | 11 907 | 15 430 | 15 430 | 16 045 | 16 992 | 17 944 | | | |
| Vote 3 - Planning and Development | | 2 055 | 1 233 | 1 142 | 8 514 | 7 014 | 7 014 | 35 003 | 37 068 | 39 143 | | | |
| Vote 4 - Community and Social Services | | 4 885 | 6 256 | 2 334 | 7 552 | 9 256 | 9 256 | 7 478 | 7 919 | 8 362 | | | |
| Vote 5 - Housing | | 11 255 | 11 786 | 8 683 | 12 944 | 13 194 | 13 194 | 6 152 | 6 515 | 6 880 | | | |
| Vote 6 - Public Safety | | - | 1 250 | - | 1 916 | 1 916 | 1 916 | 1 223 | 1 295 | 1 367 | | | |
| Vote 7 - Environmental Management | | 564 | 466 | 439 | 14 500 | 13 259 | 13 259 | 6 436 | 6 816 | 7 198 | | | |
| Vote 8 - Solid Management | | 564 | 466 | 439 | 14 500 | 13 259 | 13 259 | 6 436 | 6 816 | 7 198 | | | |
| Vote 9 - Waste Water Management | | 8 320 | 8 806 | 17 201 | 56 225 | 65 069 | 65 069 | 71 157 | 75 355 | 79 575 | | | |
| Vote 10 - Road Transport | | - | - | - | 2 136 | 2 636 | 2 636 | 2 050 | 2 171 | 2 293 | | | |
| Vote 11 - Electricity | | - | - | - | - | - | - | - | - | - | | | |
| Vote 12 - Other | | - | - | - | - | - | - | - | - | - | | | |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | | | |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | | | |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | | | |
| Total Expenditure by Vote | 2 | 133 568 | 134 315 | 130 644 | 214 593 | 226 861 | 226 861 | 232 289 | 245 994 | 259 770 | Total Expenditure by Vote | | |
| Surplus/(Deficit) for the year | 2 | 41 124 | 42 620 | 66 461 | 33 397 | 62 776 | 63 465 | 136 286 | 130 303 | 121 189 | Surplus/(Deficit) for the year | | |

EC121 Mbhashe - Table A4 Budgeted Financial Performance (revenue and expenditure)

[illegible]

EC121 Mbhashe - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Rat | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | |
|--|--------|---|-----------------|-----------------|-----------------|----------|-------------------|
| | | Audited 2014/15 | Audited 2013/14 | Original Budget | Adjusted Budget | Forecast | Pre-audit outcome |
| Capital expenditure - Vote | 1 | 2015/16 | | | | | |
| | | Audited 2014/15 | Audited 2013/14 | Original Budget | Adjusted Budget | Forecast | Pre-audit outcome |
| Multi-year expenditure to be appropriated | 2 | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - |
| Single-year expenditure to be appropriated | 2 | - | - | - | - | - | - |
| Vote 1 - Executive and Council | - | - | - | 950 | 1 050 | 1 050 | - |
| Vote 2 - Finance and Administration | - | - | - | 2 258 | 4 608 | 4 608 | - |
| Vote 3 - Planning and Development | - | - | - | 60 | 60 | 60 | - |
| Vote 4 - Community and Social Services | - | - | - | 200 | 200 | 200 | - |
| Vote 5 - Housing | - | - | - | 20 | 20 | 20 | - |
| Vote 6 - Public Safety | - | - | - | 645 | 645 | 645 | - |
| Vote 7 - Environmental Management | - | - | - | 950 | 950 | 950 | - |
| Vote 8 - Solid Waste Management | - | - | - | 300 | 300 | 300 | - |
| Vote 9 - Waste Water Management | - | - | - | 1 800 | 4 200 | 4 200 | - |
| Vote 10 - Road Transport | - | - | - | 300 | 300 | 300 | - |
| Vote 11 - Electricity | - | - | - | 1 800 | 2 400 | 2 400 | - |
| Vote 12 - Other | - | - | - | - | - | - | - |
| Vote 13 - INAME OF VOTE 13 | - | - | - | - | - | - | - |
| Vote 14 - INAME OF VOTE 14 | - | - | - | - | - | - | - |
| Vote 15 - INAME OF VOTE 15 | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | 49 526 | 38 254 | 36 383 | 67 874 | 99 543 | 99 543 | 122 578 |
| Total Capital Expenditure - Vote | 49 526 | 38 254 | 36 383 | 67 874 | 99 543 | 99 543 | 122 578 |
| Capital Expenditure - Standard | 738 | 286 | 3 539 | 3 208 | 5 658 | 5 658 | 2 964 |
| Governance and administration | 51 | 222 | 166 | 253 | 903 | 903 | 400 |
| Corporate services | 687 | 64 | 2 670 | 2 005 | 3 705 | 3 705 | 2 364 |
| Community and public safety | 868 | 3 415 | 452 | 2 170 | 3 265 | 3 265 | 488 |
| Sport and recreation | - | - | - | - | - | - | - |
| Public safety | 868 | 3 415 | 452 | 1 950 | 3 045 | 3 045 | 257 |
| Housing | - | - | - | 20 | 20 | 20 | 21 |
| Health | - | - | - | - | - | - | - |
| Economic and environmental services | 29 187 | 33 940 | 32 880 | 60 396 | 86 119 | 86 119 | 116 326 |
| Planning and development | 395 | 395 | 395 | 60 | 60 | 60 | 63 |
| Road transport | 28 772 | 33 545 | 32 880 | 59 386 | 85 109 | 85 109 | 115 613 |
| Environmental protection | - | - | - | 950 | 950 | 950 | 650 |
| Trading services | 18 753 | 612 | 216 | 2 100 | 4 500 | 4 500 | 2 500 |
| Electricity | 18 140 | - | - | - | - | - | - |
| Water | - | - | - | - | - | - | - |
| Waste water management | - | - | - | - | - | - | - |
| Other | 612 | 612 | 216 | 1 800 | 4 200 | 4 200 | 300 |
| Total Capital Expenditure - Standard | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 99 543 | 122 578 |
| Funded by: | 3 | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 122 578 |
| National Government | - | 49 526 | 28 222 | 26 496 | 53 866 | 72 949 | 122 578 |
| Provincial Government | - | - | - | - | - | - | - |
| District Municipality | - | - | - | - | - | - | - |
| Other transfers and grants | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 49 526 | 28 222 | 26 496 | 53 866 | 72 949 | 122 578 |
| Public contributions & donations | 5 | - | - | - | - | - | - |
| Borrowing | 6 | - | - | - | - | - | - |
| Internally generated funds | 6 | - | - | - | - | - | - |
| Total Capital Funding | 7 | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 122 578 |

EC121 Mbhashe - Table A6 Budgeted Financial Position

| Description | Ref | Current Year 2014/15 | | | | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----|----------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|----------------------|---|---------------------------|---------------------------|
| | | Audited 2011/12 | Audited 2012/13 | Audited 2013/14 | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | 1 | 32 224 | 68 352 | 113 514 | — | — | — | 165 554 | — | — | — |
| Call investment deposits | 1 | — | 599 | — | — | — | — | — | — | — | — |
| Consumer debtors | 1 | 648 | — | — | — | — | — | — | — | — | — |
| Other debtors | 1 | 4 945 | 705 | 2 634 | — | — | — | 698 | — | — | — |
| Inventory | 2 | — | — | — | — | — | — | — | — | — | — |
| Current portion of long-term receivables | 2 | — | — | — | — | — | — | — | — | — | — |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | 48 628 | 54 704 | 53 527 | 67 374 | 98 443 | 99 443 | 54 484 | — | — | — |
| Investments | | — | — | — | — | — | — | — | — | — | — |
| Investment property | | — | — | — | — | — | — | — | — | — | — |
| Investment in Associate | | — | — | — | — | — | — | — | — | — | — |
| Property, plant and equipment | | 162 562 | 230 277 | — | 67 374 | 98 443 | 99 443 | — | — | — | — |
| Agricultural | | — | — | — | — | — | — | — | — | — | — |
| Biological | | — | — | — | — | — | — | — | — | — | — |
| Intangible | | 236 | 454 | 453 | 500 | 1 100 | 1 100 | 959 | — | — | — |
| Other non-current assets | | — | — | — | — | — | — | — | — | — | — |
| TOTAL current assets | | 37 817 | 69 657 | 116 854 | — | — | — | 166 252 | — | — | — |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | 5 069 | — | 2 142 | — | — | — | — | — | — | — |
| Borrowing | 4 | — | — | — | — | — | — | — | — | — | — |
| Consumer deposits | 4 | — | — | — | — | — | — | — | — | — | — |
| Trade and other payables | 4 | 14 460 | 17 941 | — | — | — | — | — | — | — | — |
| Provisions | | 951 | 270 | 292 | — | — | — | — | — | — | — |
| TOTAL current liabilities | | 20 480 | 18 211 | 2 433 | — | — | — | — | — | — | — |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | — | — | — | — | — | — | — | — | — | — |
| Provisions | | — | — | — | — | — | — | — | — | — | — |
| TOTAL non current liabilities | | — | — | — | — | — | — | — | — | — | — |
| TOTAL LIABILITIES | | 20 480 | 18 211 | 2 433 | — | — | — | — | — | — | — |
| NET ASSETS | | 226 762 | 336 881 | 168 400 | 67 874 | 99 543 | 99 543 | 221 695 | — | — | — |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 226 762 | 332 971 | 168 400 | 33 397 | 63 295 | 63 295 | — | — | — | — |
| Reserves | 4 | — | — | — | — | — | — | 63 295 | — | — | — |
| Minorities' interests | 5 | — | — | — | — | — | — | — | — | — | — |
| TOTAL COMMUNITY WEALTH/EQUITY | | 226 762 | 332 971 | 168 400 | 33 397 | 63 295 | 63 295 | 63 295 | — | — | — |

| Description | Ref | 2011/12 | | 2012/13 | | 2013/14 | | Current Year 2014/15 | | | | 2015/16 Medium term Revenue & Expenditure Framework | |
|--|-----|---------|---------|---------|---------|---------|---------|----------------------|----------|-----------|-----------|---|-------------|
| | | Audited | Outcome | Audited | Outcome | Audited | Outcome | Budget | Adjusted | Full Year | Pre-audit | Budget Year | Budget Year |
| Cash and investments available | | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 27 155 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | |
| Other current investments > 90 days | | 0 | - | - | - | - | - | - | - | - | - | - | |
| Non current assets - investments | 1 | - | - | - | - | - | - | - | - | - | - | - | |
| Cash and investments available: | | 27 155 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | |
| Other current investments > 90 days | | 0 | - | - | - | - | - | - | - | - | - | - | |
| Non current assets - investments | 1 | - | - | - | - | - | - | - | - | - | - | - | |
| Application of cash and investments | | 27 155 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | 68 352 | 34 569 | |
| Unspent conditional transfers | | - | - | - | - | - | - | - | - | - | - | - | |
| Stabulary requirements | 2 | - | - | - | - | - | - | - | - | - | - | - | |
| Other working capital requirements | 3 | 11 270 | 17 141 | (912) | 17 141 | (912) | 17 141 | (912) | 17 141 | (912) | 17 141 | (912) | |
| Other provisions | 4 | - | - | - | - | - | - | - | - | - | - | - | |
| Long term investments committed | 5 | - | - | - | - | - | - | - | - | - | - | - | |
| Reserves to be backed by cash/investments | | - | - | - | - | - | - | - | - | - | - | - | |
| Total Application of cash and investments: | | 11 270 | 17 141 | (912) | 17 141 | (912) | 17 141 | (912) | 17 141 | (912) | 17 141 | (912) | |
| Surplus(shortfall) | | 15 885 | 51 212 | 112 285 | 51 212 | 112 285 | 51 212 | 112 285 | 51 212 | 112 285 | 51 212 | 112 285 | |

| 2 thousand | Description | | Ref | CASH FLOW FROM OPERATING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM INVESTING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments 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FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM FINANCING 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| | Receipts | | Payments | | CASH FLOW FROM FINANCING ACTIVITIES | | Receipts | | Payments | | CASH FLOW FROM | |
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EC121 Mhasha - Table A9 Asset Management

| Description | Ref | R thousand | | | | | |
|--|------|------------|---------|---------|---------|---------|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2013/14 | 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework |
| CAPITAL EXPENDITURE | 1 | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 120 615 |
| | | 149 | 35 699 | 26 496 | 51 866 | 72 862 | 53 122 |
| Infrastructure - Road transport | | 18 660 | 851 | 1 307 | 3 800 | 5 400 | 22 500 |
| Infrastructure - Electricity | | 55 211 | 26 897 | 55 211 | 55 211 | 55 211 | 55 211 |
| Infrastructure - Water | | 58 342 | 32 000 | 58 342 | 32 000 | 32 000 | 32 000 |
| Infrastructure - Sanitation | | 28 049 | 28 049 | 28 049 | 28 049 | 28 049 | 28 049 |
| Infrastructure - Other | | 46 858 | 36 549 | 27 803 | 55 666 | 80 680 | 75 622 |
| Community | | 90 342 | 90 342 | 90 342 | 90 342 | 90 342 | 90 342 |
| Heritage assets | | 2 467 | 2 467 | 2 467 | 2 467 | 2 467 | 2 467 |
| Investment properties | | 41 947 | 41 947 | 41 947 | 41 947 | 41 947 | 41 947 |
| Other assets | | 666 | 666 | 666 | 666 | 666 | 666 |
| Biological assets | | 703 | 703 | 703 | 703 | 703 | 703 |
| Intangibles | | 201 | 201 | 201 | 201 | 201 | 201 |
| Total Renewal of Existing Assets | | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 120 615 |
| Total Capital Expenditure | 4 | 149 | 35 699 | 26 496 | 51 866 | 72 862 | 53 122 |
| | | 18 660 | 851 | 1 307 | 3 800 | 5 400 | 22 500 |
| Infrastructure - Road transport | | 55 211 | 26 897 | 55 211 | 55 211 | 55 211 | 55 211 |
| Infrastructure - Electricity | | 58 342 | 32 000 | 58 342 | 32 000 | 32 000 | 32 000 |
| Infrastructure - Water | | 28 049 | 28 049 | 28 049 | 28 049 | 28 049 | 28 049 |
| Infrastructure - Sanitation | | 46 858 | 36 549 | 27 803 | 55 666 | 80 680 | 75 622 |
| Infrastructure - Other | | 90 342 | 90 342 | 90 342 | 90 342 | 90 342 | 90 342 |
| Community | | 2 467 | 2 467 | 2 467 | 2 467 | 2 467 | 2 467 |
| Heritage assets | | 41 947 | 41 947 | 41 947 | 41 947 | 41 947 | 41 947 |
| Investment properties | | 666 | 666 | 666 | 666 | 666 | 666 |
| Other assets | | 703 | 703 | 703 | 703 | 703 | 703 |
| Biological assets | | 201 | 201 | 201 | 201 | 201 | 201 |
| Intangibles | | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 120 615 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 2 | 49 526 | 38 254 | 37 187 | 67 874 | 99 543 | 120 615 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 31 318 | 66 867 | 26 496 | 1 307 | 26 496 | 1 307 |
| | | 18 660 | 851 | 1 307 | 3 800 | 5 400 | 22 500 |
| Infrastructure - Road transport | | 48 729 | 20 680 | 27 803 | 55 666 | 80 680 | 75 622 |
| Infrastructure - Electricity | | 98 706 | 88 398 | 27 803 | 55 666 | 80 680 | 75 622 |
| Infrastructure - Water | | 46 828 | 54 704 | 53 527 | 53 527 | 53 527 | 53 527 |
| Infrastructure - Sanitation | | 6 077 | 5 314 | 33 645 | 33 645 | 33 645 | 33 645 |
| Infrastructure - Other | | 236 | 454 | 453 | 500 | 1 100 | 1 100 |
| Community | | 42 637 | 42 637 | 42 637 | 42 637 | 42 637 | 42 637 |
| Heritage assets | | 30 327 | 30 327 | 30 327 | 30 327 | 30 327 | 30 327 |
| Investment properties | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Other assets | | 44 850 | 44 850 | 44 850 | 44 850 | 44 850 | 44 850 |
| Biological assets | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Intangibles | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 151 647 | 148 871 | 115 428 | 500 | 1 100 | 1 100 |
| EXPENDITURE OTHER ITEMS | 3 | 24 338 | 30 327 | 30 327 | 30 327 | 30 327 | 30 327 |
| | | 24 338 | 30 327 | 30 327 | 30 327 | 30 327 | 30 327 |
| Depreciation & asset impairment | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Repairs and Maintenance by Asset Class | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Infrastructure - Road transport | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Infrastructure - Electricity | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Infrastructure - Water | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Infrastructure - Sanitation | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Infrastructure - Other | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Community | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Heritage assets | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Investment properties | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Other assets | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Biological assets | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| Intangibles | | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 | 33 467 |
| TOTAL EXPENDITURE OTHER ITEMS | 6, 7 | 42 637 | 42 637 | 42 637 | 42 637 | 42 637 | 42 637 |
| Renewal of Existing Assets as % of total capex | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M as a % of PPE | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Renewal and R&M as a % of PPE | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

EC121 Mhhashhe - Table A10 Basic service delivery measurement

| Description | Ref | Household service targets | | | | | |
|---|-----|---|---------|---------|----------|---------------------|---------------------|
| | | 2011/12 | 2012/13 | 2013/14 | Outcome | Original Budget | Adjusted Budget |
| Water: | 1 | Outcome | Outcome | Outcome | Forecast | Budget Year 2015/16 | Budget Year 2016/17 |
| | 2 | Using public tap (at least min. service level) | | | | | |
| | 3 | Using public tap (< min. service level) | | | | | |
| | 4 | Other water supply (at least min. service level) | | | | | |
| | 5 | Total number of households | | | | | |
| | 6 | Below Minimum Service Level sub-total | | | | | |
| | 7 | No toilet provisions | | | | | |
| | 8 | Other toilet provisions (> min. service level) | | | | | |
| | 9 | Minimum Service Level and Above sub-total | | | | | |
| | 10 | Below Minimum Service Level sub-total | | | | | |
| Sanitation/sewerage: | 11 | Flush toilet (connected to sewerage) | | | | | |
| | 12 | Flush toilet (with septic tank) | | | | | |
| | 13 | Chemical toilet | | | | | |
| | 14 | Pit toilet (ventilated) | | | | | |
| | 15 | Other toilet provisions (> min. service level) | | | | | |
| | 16 | Minimum Service Level and Above sub-total | | | | | |
| | 17 | Bucket toilet | | | | | |
| | 18 | Other toilet provisions (< min. service level) | | | | | |
| | 19 | Below Minimum Service Level sub-total | | | | | |
| | 20 | Total number of households | | | | | |
| Energy: | 21 | Electricity (at least min. service level) | | | | | |
| | 22 | Electricity - prepaid (min. service level) | | | | | |
| | 23 | Minimum Service Level and Above sub-total | | | | | |
| | 24 | Electricity (< min. service level) | | | | | |
| | 25 | Electricity - prepaid (< min. service level) | | | | | |
| | 26 | Other energy sources | | | | | |
| | 27 | Below Minimum Service Level sub-total | | | | | |
| | 28 | Total number of households | | | | | |
| | 29 | Removed at least once a week | | | | | |
| | 30 | Minimum Service Level and Above sub-total | | | | | |
| Refuse: | 31 | Using communal refuse dump | | | | | |
| | 32 | Using own refuse dump | | | | | |
| | 33 | Other rubbish disposal | | | | | |
| | 34 | No rubbish disposal | | | | | |
| | 35 | Below Minimum Service Level sub-total | | | | | |
| | 36 | Total number of households | | | | | |
| | 37 | Removed less frequently than once a week | | | | | |
| | 38 | Minimum Service Level and Above sub-total | | | | | |
| | 39 | Sanitation (free minimum level service) | | | | | |
| | 40 | Electricity/other energy (50kwh per household per month) | | | | | |
| Households receiving Free Basic Service | 41 | Refuse (removed at least once a week) | | | | | |
| | 42 | Water (6 kilolitres per household per month) | | | | | |
| | 43 | Sanitation (free minimum level service) | | | | | |
| | 44 | Electricity/other energy (50kwh per household per month) | | | | | |
| | 45 | Refuse (removed at least once a week) | | | | | |
| | 46 | Cost of Free Basic Services provided (R'000) | | | | | |
| | 47 | Water (6 kilolitres per household per month) | | | | | |
| | 48 | Sanitation (free sanitation service) | | | | | |
| | 49 | Electricity/other energy (50kwh per household per month) | | | | | |
| | 50 | Refuse (removed once a week) | | | | | |
| Highest level of free service provided | 51 | Property rates (R value threshold) | | | | | |
| | 52 | Water (kilolitres per household per month) | | | | | |
| | 53 | Sanitation (kilolitres per household per month) | | | | | |
| | 54 | Sanitation (R and per household per month) | | | | | |
| | 55 | Electricity (kwh per household per month) | | | | | |
| | 56 | Refuse (average litres per week) | | | | | |
| | 57 | Revenue cost of free services provided (R'000) | | | | | |
| | 58 | Property rates (R15 000 threshold rebate) | | | | | |
| | 59 | Property rates (other exemptions, reductions and rebates) | | | | | |
| | 60 | Water and rebates) | | | | | |
| Total revenue cost of free services provided (total social package) | 61 | Sanitation | | | | | |
| | 62 | Electricity/other energy | | | | | |
| | 63 | Refuse | | | | | |
| | 64 | Municipal Housing - rental rebates | | | | | |
| | 65 | Housing - top structure subsidies | | | | | |
| | 66 | Other | | | | | |
| | 67 | Total revenue cost of free services provided | | | | | |
| | 68 | Revenue cost of free services provided (R'000) | | | | | |
| | 69 | Property rates (R15 000 threshold rebate) | | | | | |
| | 70 | Property rates (other exemptions, reductions and rebates) | | | | | |
| Current Year 2014/15 | 71 | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | |
| | 72 | Budget Year 2015/16 | | | | | |
| | 73 | Budget Year 2016/17 | | | | | |
| | 74 | Budget Year 2017/18 | | | | | |
| | 75 | Forecast | | | | | |
| | 76 | Adjusted Budget | | | | | |
| | 77 | Original Budget | | | | | |
| | 78 | Outcome | | | | | |
| | 79 | Outcome | | | | | |
| | 80 | Outcome | | | | | |

Part 2 – Supporting Documentation

1.4 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of all the EXCO members, Municipal Manager, Directors and senior officials of the municipality.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.4.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

Budget templates reflecting the actual figures, forecast expenditure for the year were distributed for population of the line item details, at meetings held with HOD's and the budget office. Departments were also given guidelines funding as well as the expenditure levels.

After all that, the budget was considered by the Budget Technical Team which consists of all directors, section heads of various departments, project managers and union representatives, where areas of possible cuts were assessed. The main objective of the Budget Task Team is to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account and inputs from the consultation process.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2014. Key dates applicable to the process were:

SCHEDULE OF MEETINGS FOR IDP AND BUDGET PROCESS

| JULY-PRE-PLANNING PHASE | | | | |
|-------------------------|------------|-----------------------|------|--------------------|
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | RESPONSIBLE PERSON |

| 1. | Provincial IDP Assessment | Assessments | 07/07-11/07/2014 | KPA Champs |
|--------------------------|--|--------------------------------------|--------------------|---------------------------|
| AUGUST-PLANNING PHASE | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | RESPONSIBLE PERSON |
| 1. | Process Plan | IDP/Budget/PMS Steering Committee | 14/08/2014 | Steering Committee |
| 2. | ADM | IGR Forum | 18/08/2014 | Strategic |
| 3. | ADM | District Planning Coordinating Forum | 19/08/2014 | IDP Practitioners |
| 4. | Adoption of the IDP/Budget Process Plan | Council Meeting | 27/08/2014 | Mayor |
| 5. | Preparation for Ward Base Plans | IDP/Budget/PMS Steering Committee | 28/08/2014 | MM |
| SEPTEMBER-PLANNING PHASE | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | |
| 1. | Process Plan to be Advertised and submitted to ADM/MEC & relevant offices | None | 02/09/2014 | Strategic |
| 2. | Ward Base Plans | Consultations, Imbizo's | 01/09 – 30/09/2014 | Steering Committee, Mayor |
| 3. | Presentation of the process plan and to get status quo of projects implemented by sector departments | IGR | 09/09/14 | MM |
| 4. | ADM | IDP Budget Rep Forum | 18/09/2014 | Mayor, IDP Practitioners |
| 5. | Presentation of the process plan and Performance | IDP/Budget Rep Forum | 23/09/2014 | Mayor |

| | reporting | | | | |
|-------------------------|---|--------------------------------------|-----------------|--------------------------|--|
| OCTOBER-ANALYSIS PHASE | | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | |
| 1. | Presentation Ward Base Plan, Situational Analysis | IDP/Budget/PMS Steering Committee | 08/10/2014 | MM | |
| 2. | PMS Quarterly Reports | Cluster Meetings | 13 - 14/10/2014 | MM | |
| 3. | <ul style="list-style-type: none"> Presentation of budget statement- quarterly report. Conclude first draft budget to confirm priorities and identify other financial & non - financial budget parameters including government allocations. | Budget Steering Committee | 20/10/2014 | Mayor | |
| 5. | ADM | District Planning Coordinating Forum | 30/10/2014 | IDP Practitioners | |
| NOVEMBER-ANALYSIS PHASE | | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | |
| 1. | Presentation of the Situational Analysis to the steering committee, Priorities from Ward level | IDP Steering Committee meeting | 06/11/2014 | MM | |
| 2. | ADM | IDP/ Budget Rep Forum | 20/11/2014 | Mayor, IDP Practitioners | |
| 3. | Presentation of situational analysis and Ward priorities | IGR Forum | 21/11/2014 | MM | |

| | | Presentation of the ward priorities | IDP/Budget Rep Forum | 25/11/2014 | Mayor |
|----------------------------------|--|-------------------------------------|----------------------|------------|-------|
| DECEMBER-STRATEGIES PHASE | | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | |
| 1. | Presentation of draft objectives, strategies and programs | IDP/Budget Steering Committee | 08/12/2014 | MM | |
| JANUARY-STRATEGIES PHASE | | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | |
| 1. | PMS Quarterly Reports | Meetings | 12-13/01/2015 | MM | |
| 3. | Refinement of Strategies, Objectives and Programs | IDP Steering Committee | 15/01/2015 | MM | |
| 4. | Consider audit report on financial statements & prepare action and identify areas that need to be funded. • Presentation of SALGA upper limits. | Budget steering Committee | 26/01/2015 | Mayor | |
| FEBRUARY-STRATEGIES PHASE | | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | |
| 1. | Final presentations for Strategic Planning | IDP/Budget/PMS Steering Committee | 09/02/2015 | MM | |
| 2. | Reviewal of the strategies and objectives, setting up new objectives and strategies based on new priorities | Strategic Sessions | 10/02 – 12/02/2015 | MM | |

| 3. | ADM | District Planning Coordinating Forum | 26/02/2015 | IDP Practitioners | MARCH-PROJECTS PHASE | | | | |
|-----------|--|--|--------------|-----------------------------|----------------------|--|--|--|--|
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | | | | | |
| 1. | Alignment of Strategies, Objectives to project priorities | IDP/Budget/PMS Steering Committee | 03/03/2015 | MM | | | | | |
| | ADM | IGR Forum | 09/03/2015 | Strategic | | | | | |
| 2. | Presentation of project plans from Sector Departments | Clusters | 12/03/2015 | KPA Champs | | | | | |
| 3. | Presentation of project plans from Sector Departments | IGR Forum | 13/03/2015 | MM | | | | | |
| 4. | Presentation of draft revised IDP with broad budget per cluster, draft project lists and revised sector plan | IDP/Budget/PMS Rep Forum | 17/03/2015 | MM | | | | | |
| 5. | ADM | IDP/ Budget Rep Forum | 18/03/2015 | Mayor, IDP Practitioners | | | | | |
| 7. | Presentation and approval of the draft Budget/ IDP/SDBIP, Annual and Oversight Reports to and by Council | Council Meeting | 25/03/2015 | Mayor | | | | | |
| 8. | Advertising of the Draft IDP and Budget, calling for public comments | None | 26 /03/2015 | Strategic | | | | | |
| 9. | Public Comments Phase Presentations of the IDP and Budget to the communities | IDP/Budget Roadshows | 30/03/2015 - | Mayor | | | | | |

| 10. | Submit draft IDP/SDBIP & Budget to MEC /Treasury/ ADM and any other relevant office | None | 31/03/2015 | Strategic |
|----------------------|---|--------------------------------------|--------------------|-------------------|
| APRIL-APPROVAL PHASE | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | |
| 1. | Public Comments Phase presentation of the IDP to the communities | IDP/Budget Roadshows | 30/03 – 15/04/2015 | Mayor |
| 2. | PMS Quarterly Reports | Cluster Meetings | 16 -17/04/2015 | Cluster Champs |
| 3. | Consider inputs from Roadshows for IDP | IDP/Budget/PMS Steering Committee | 20/04/2015 | MM |
| 4. | ADM | District Planning Coordination Forum | 28/04/2015 | IDP Practitioners |
| MAY-APPROVAL PHASE | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | |
| 1. | Presentation of final Draft IDP and Budget | IDP Steering Committee Meeting | 05/05/2015 | MM |
| 2. | Presentation of final Draft IDP and Budget | IGR Forum | 06/05/2015 | MM |
| 3. | Presentation of inputs and action plan from Roadshows & IGR | Clusters | 07/05/2015 | KPA Champs |
| 5. | ADM | IGR Forum | 08/05/2015 | Strategic |
| 6. | Presentation of the final draft IDP/Budget to rep | IDP/Budget/PMS | 13/05/2015 | MM |

1.4.2 IDP and Service Delivery and Budget Implementation Plan

Mbhashe municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTRRF, based on the approved 2014/15 MTRRF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

| | forum | Rep Forum | | | |
|---------------------|---|--------------------------------------|------------|--------------------------|--|
| 7. | ADM | IDP/ Budget Rep Forum | 21/05/2015 | Mayor, IDP Practitioners | |
| 8. | Approval of Final Draft IDP and Budget and SDBIP | Council Meeting | 27/05/2015 | Mayor | |
| JUNE-APPROVAL PHASE | | | | | |
| ITEM. NO. | ACTIVITIES | NATURE OF THE MEETING | DATE | | |
| 1. | Submission of the Final IDP/SDBIP to MEC and other relevant departments | None | 01/06/2015 | MM | |
| 2. | Public notice on the adoption of the IDP/Budget/SDBIP | None | 09/06/2015 | MM | |
| 3. | Signing of MM and Section 56 Managers Performance Agreements no later than 14 days after approval | None | 15/06/2015 | MM, Mayor | |
| 4. | ADM | District Coordination Planning Forum | 25/06/2015 | IDP Practitioners | |
| 5. | SDBIP submitted to Provincial Treasury & MEC for COGTA, AG & ADM | None | 30/06/2015 | MM | |

With the compilation of the 2015/16 MTRREF, each department had to review the planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.4.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTRREF, the following key factors and planning strategies were undertaken to ensure affordability and financial sustainability:

- Policy priorities and strategic objectives
- Asset management
- Economic situation (i.e inflation and debt)
- Performance trends
- The approved 2014/15, adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMMA Budget Circulars has been taken into consideration in the planning and prioritisation process.

1.4.4 Community Consultation

The draft 2015/16 MTRREF as tabled before Council on 30 March 2015 for community consultation was published on the newspaper, and hard copies were made available at all the unit offices and libraries. All documents in the appropriate format (electronic and printed) were provided to National Treasury and provincial treasury, and provincial departments in accordance with section 23 of the MFMMA, to provide an opportunity for them to make inputs.

Ward Councillors Ward Committees were utilised to facilitate the community consultation process. The applicable dates and venues were published in the local newspapers (from 08/04/2015 to 17/04/2015). The consultation processes, including the specific targeting of ratepayer associations, sessions were scheduled with organised business. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2015/16 MTRREF. Feedback and responses to the submissions received are available on request.

1.5 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Mbashe, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Mbashe strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Mbashe response to these requirements.

The review of the IDP focuses of the infrastructure backlog of the whole Mbashe area and also the prioritised as identified by the communities in all wards. The budget has been prepared in accordance with the IDP focusing on five national key performance areas, which are:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the budget and SDBIP with measurable performance indicators and targets.

After the tabling of the draft budget, a series of meetings was held throughout the municipal area to consult with the public representatives, civil society, business, labour and other government departments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings was referred to a management and EXCO to find a way of attending to all the issues. Some has financial implications and some not.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources through its budget and speed up service delivery.

IDP is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. The municipality has also aligned its budget and IDP in line with the National, provincial and district.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for Mbhashe municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and good governance.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national, provincial and district priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Mbhashe municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of this IDP and budget with the aim of improving.

The 2015/16 MTRRF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

1.6 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Performance Management, the municipality has to develop and implement a performance management system of which system must be constantly refined as the integrated planning process unfolds. The Municipality intends to monitor, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance and cascade it downwards to all levels. This will be done by appointing a service provider to assist in this process.

At any given time within government, information from multiple years is being considered; plans and budgets for next year, implementation for the current year, and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. This area needs to be strengthened in order to improve service delivery.

1.7 Overview of budget related policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The municipality has the following budget related policies:

- Credit control and debt collection policy
- Supply Chain Management policy
- Asset management policy
- Budget policy
- Virement policy
- Investment policy
- Tariff policy
- Property rates policy
- Indigent support policy

1.8 Overview of budget assumptions

1.8.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

1.8.2 General inflation outlook and its impact on the municipal activities

The following are the key factors that have been taken into consideration in the compilation of the 2014/15 MTRFF:

- National Government economic targets;
- The general inflationary outlook and the impact on the municipality's residents and businesses;
- The impact of municipal cost drivers;
- The impact of tariffs
- The increase in the cost of remuneration. The wage agreement SALGBC concluded with the municipal workers unions.
- Infrastructure backlogs

1.8.3 Collection rate for revenue services

The base assumption is that tariff for property rates will not increase as the municipality is currently doing valuation. The collection rate on arrear debt is very high and consumers are not paying. The municipality only collect rates and refuse.

1.8.4 Impact of national, provincial and local policies

Integration of service delivery between national, provincial, district and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial, district and local objectives.

1.8.5 Ability of the municipality to spend and deliver on the programmes

The municipality has been underspending in past two years resulting in roll overs of the conditional grants. The cash flow projection for this 2014/15 has been completed in the budget.

1.9 Overview of budget funding

1.9.1 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from ratepayers and other to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue.

Cash Backed Reserves/Accumulated Surplus Reconciliation

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences.

1.9.2 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against different measures that look at various aspects of the financial health of the municipality. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

1.9.2.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A positive cash position, for each year of the MTRRF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

1.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to Provincial and National Treasury in electronic format was compiled with on a monthly basis. Reporting is improving each and every year.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions within Budget and Treasury and Internal Audit.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee and performance audit committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the IDP and budget, and will be signed by the mayor thereafter.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury guidelines.
7. Policies
The municipality is currently reviewing all its policies and a workshop will be conducted for all councillors and employees before submission to council for adoption.

1.11 Municipal manager's quality certificate

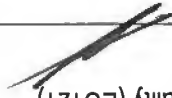
I, Shiraz Virany Parva, acting municipal manager of Mbhashe Local Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

SV Parva

Municipal manager of Mbhashe Local Municipality (EC121)

Signature



Date

17/04/2015